

SECRET
The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council


NIC #00084-85/1
16 January 1985

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: David B. Low
Acting NIO for Economics

SUBJECT: Forced Labor in the Soviet Union

Bob McBrien, Special Assistant to the Assistant Secretary for Enforcement and Operations at Treasury, called to ask that we make available an unclassified version of your letter to Secretary Regan on the use of forced labor in the Soviet Union. McBrien said Secretary Regan would like to use the letter to buttress Treasury's case in discussions with members of Congress against taking action on Soviet exports to the United States. An unclassified version of your letter on the same subject to Secretary Regan on 14 May was sent to Treasury on 16 May.



David B. Low

Attachments:

1. Letter to Regan for DCI signature (UNCLASSIFIED)
2. A/NIO/Econ memo to DCI dtd 7 Jan 85
3. DCI letter to Regan dtd 11 Jan 85 (SECRET)
4. DCI letter to Regan dtd 14 May 84 (SECRET)
5. DCI letter to Regan dtd 16 May 84 (UNCLASSIFIED)

All portions Secret

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NIC #00084-85/1
16 January 1985

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SUBJECT: Forced Labor in the Soviet Union

DCI/NIC/A/NIO/Econ [] (16 Jan 85) []

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Dist:

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1 - DDI Reg
1 - D. Low
2 - Asst NIO/Econ

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SECRET

The Director of Central Intelligence

Washington, D.C. 20505

17 JAN 1985

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, D.C. 20220

Dear Don,

In the wake of the release of the ITC report on the use of forced labor in foreign countries to produce goods for export, I thought I should write you to update the status of our research on this issue. Despite continued monitoring, we are unable to obtain sufficient facts to make a solid case that any particular good we receive from the USSR is produced by convict, forced, or indentured labor.

You will recall that on 16 May I sent you a letter which stated that according to our most recent analysis 3 percent of total Soviet labor is forced. That analysis remains valid, but I can find nothing in the ITC report that indicates the availability of more specific data.

Yours,

A handwritten signature in dark ink, appearing to be 'WJ Casey', written over a horizontal line.

William J. Casey

SECRET

The Director of Central Intelligence
Washington, D.C. 20505

NIC #00084-85
7 January 1985

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council

FROM: David B. Low
Acting NIO for Economics

SUBJECT: Forced Labor in the Soviet Union

1. Bob McBrien, Special Assistant to John Walker, Assistant Secretary for Enforcement and Operations at Treasury, called [] to request that we review the bidding on our analysis of the use of forced labor to produce goods imported by us from the Soviet Union. The International Trade Commission last month issued a report on the matter which gave estimates of possible items produced by forced labor in the USSR. SOVA analysts have reviewed the report and say that it buttresses the Treasury case that the government lacks sufficient detail on the production of such goods to take action.

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2. Walker would like a letter from you to Secretary Regan reaffirming your 14 May letter which states that the evidence is too fragmentary to make a case.



David B. Low

Attachments:

Letter to Secretary Regan
Letter to McNamar from DCI dtd 14 May 84

All portions Secret

SECRET

25X1

The Director of Central Intelligence

Washington, D.C. 20505

EL 171/85

21 JUN 1985

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, D.C. 20220

Dear Don,

In the wake of the release of the ITC report on the use of forced labor in foreign countries to produce goods for export, I thought I should write you to update the status of our research on this issue. Despite continued monitoring, we are unable to obtain sufficient facts to make a solid case that any particular good we receive from the USSR is produced by convict, forced, or indentured labor.

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Yours,

/s/

William J. Casey

All portions Secret

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The Director of Central Intelligence

Washington, D. C. 20505

• 14 May 1984

The Honorable Donald T. Regan
Secretary of the Treasury
Washington, D. C. 20220

Dear Don,

After our telephone conversation on Friday, I asked to see the evidence on the production and export of goods manufactured by convict, forced or indentured labor in the Soviet Union. As I suspected, the evidence is fragmentary and not very specific.

Also, on reflection I don't see that it does more than defer potential embarrassment from inadequate evidence for Treasury and Customs to prohibit importation and then to leave it up to the importers to certify that the item was not produced through the use of forced labor. I am also impressed by the State Department argument that to take this step now would be seen as a skimpy reaction to the Soviet Olympic decision.

I send along for your information two memoranda outlining the potential impact of this step on the CIA and the rest of the government. According to the State Department memorandum, the issuance of a preliminary finding would be based on a memorandum of 7 November 1983, sent by Maurice Ernst, National Intelligence Officer for Economics at CIA, to the Commissioner of Customs. That memorandum states that the evidence is too sketchy to permit calculation of what proportion of total Soviet production of the items listed is provided by forced laborers. It goes on to say that only 3 percent of the total Soviet labor is forced, so that it appears that only in rare instances does production by forced labor comprise a large share of total output of any given product. Also, 93 percent of the entries in the list refer to production before 1981, 5 percent do not give a date, and only 2 percent refer to production after 1980.

I don't want CIA to come under pressure to prove something with sketchy evidence or disclose our information sources, and I urge that all the implications of this step be carefully considered before moving on it.

Yours,

Bill
William J. Casey

Enclosures

P.S. I tried to get you on the phone today on this but couldn't reach you, so I asked Tim McNamar to add these further concerns since we talked on Friday.

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The Director of Central Intelligence

Washington, D. C. 20505

Executive Registry

84 - 220/2

16 May 1984

The Honorable Donald T. Regan
 Secretary of the Treasury
 Washington, D. C. 20220

Dear Don:

This letter is written in connection with your statutory responsibilities to prevent the entry into the United States of foreign goods which are produced by convict, forced or indentured labor. We have a good deal of information that the Soviet Union makes extensive use of such labor. We estimate that there are approximately 2 million forced laborers in camps. An additional 2 million or so forced laborers are not confined and are mostly involved in construction.

We have in the past at the request of the Commissioner of Customs furnished information concerning the production of goods with forced labor in the Soviet Union. Although there is convincing evidence that convict and forced labor is used extensively in the Soviet Union, it is fragmentary with respect to specific products. Our information does not enable us to estimate the proportion of total Soviet production of individual products which comes from forced labor. Nor is our information sufficiently precise to allow us to determine whether and to what extent the products of forced labor are exported to the United States.

I am also concerned that the need to make such evidence as we have publicly available, as would almost certainly be necessary for you to carry out your responsibilities, would endanger intelligence sources and methods.

Accordingly, I have to advise you that the Agency's information, while convincing as to the policy and practices of the Soviet Union with respect to forced labor, could not now be provided with sufficient precision to have probative value in a legal proceeding with respect to a particular product. You can be assured that we will continue our work in this area and will keep your Department currently advised if we are able to develop more satisfactory and precise evidence that might be helpful in preventing the entry into the United States of goods produced by convict, forced labor, or indentured labor.

Yours,



William J. Casey

DISTRIBUTION

WASHFAX - 1820 to Mr. McNamar
 Orig - AM, 17 May 84 to Addressee
 1 - DCI
 1 - DDCI
 1 - OGC
 1 - DDI
 1 - ER File

Copy also to Sec State

1 - EXDIR (Per ES, 17 May '84)

DCI
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 REG

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